

09-17-10 P05:36 RCVD  
**September 20, 2010 Commission Roundtable**

To: Mayor Roseann Minnet  
 Vice Mayor Stuart Dodd  
 Commissioner Birute Ann Clottey  
 Commissioner Scot Sasser  
 Commissioner Chris Vincent

Via: Connie Hoffmann, Interim Town Manager *CH*

From: Doug Haag, Interim Finance Director

Subject: Budget Update

At last week's budget hearing we committed to reducing the millage rate to the current 3.9990 mills. We are confident that we can make the changes that are necessary but it's still a work in progress. Following is a summary of the significant changes made since we last updated you.

**GENERAL FUND**

**Revenues** - Ad valorem property tax revenues have been decreased by \$153,330 to reflect a millage rate of 3.9990 mills. Another significant change was increasing the projected water utility tax revenues by \$40,227 to reflect more recent information. However, we have just recently seen a great deal of volatility in both revenues and the town's water bills which causes us some concern. We will follow-up with the City of Fort Lauderdale to understand why these fluctuations are occurring.

Some other significant changes involved transfers between funds. The fire inspection fees have been transferred to the Fire Fund because that's where the costs are reflected. But, we've also added a transfer from the Fire Fund to offset the services provided by the General Fund for general management, accounting & finance services, etc. And, we still have to analyze the impact of the pending decrease in tipping fees on the solid waste franchise fees.

TABLE 1 - SUMMARY OF GENERAL FUND REVENUES			
FY 2010-11 Recomm. Budget	8/25/2010 Proposed Adopted	Difference (+) or (-)	Department/Acct Description
6,889,555	6,736,225	(\$153,330)	Ad Valorem Property Taxes - 3.9990 mills
239,773	280,000	\$40,227	Water Utility Tax
63,760	63,760	\$0	Waste Franchise Fees
108,996	102,000	(\$6,996)	Municipal Revenue Sharing
15,000	10,000	(\$5,000)	Utilities Reimbursement
20,000	0	(\$20,000)	Fire Inspection Fees
0	40,000	\$40,000	Transfer from Fire Fund - Overhead Costs
		(\$105,099)	Net Change

**Expenditures** - Numerous changes have been made to expense accounts since the last budget update. These include adjustments to the group insurance costs to reflect both premium increases and the proper allocation of these costs to individual accounts. Elimination of the mailing of Town Topics and a reduction in the number of issues resulted in a net decrease of postage and publishing costs of \$5,290. We recently received our insurance proposals from the Florida League of Cities and there are almost \$33,500 in reductions in the town's auto, property, liability and workers compensation insurances.

The most significant adjustment is a \$100,000 decrease in the transfer to the capital fund which will be discussed in another roundtable item. The resulting effect is a decrease in the amount the Parking Fund can send to the General Fund. We are still working on several other changes to the General Fund expenditures that will ultimately bring us into balance.

TABLE 2 - SUMMARY OF GENERAL FUND EXPENSES				
FY 2010-11 Recomm Budget	8/25/2010 Proposed Adopted	Difference (+) or (-)	Department/Acct Description	
			DEPT 511 - COMMISSION	
11,700	12,486	\$786	Group Insurance	
			DEPT 511.100 - DONATIONS	
14,442	12,442	(\$2,000)	Donations	
			DEPT 511.200 - CHAMBER	
3,596	2,488	(\$1,108)	Group Insurance	
3,185	3,000	(\$185)	Auto, property & liability insurance	
1,000	200	(\$800)	Workers compensation insurance	
55,000	46,159	(\$8,841)	Professional Services	
			DEPT 513 - ADMINISTRATION	
63,156	64,782	\$1,626	Group Insurance	
740	0	(\$740)	Equipment Rent/Lease	
750	0	(\$750)	Vehicle Maint	
700	0	(\$700)	Fuel	
			DEPT 519.000 - GENERAL GOVT	
\$13,000	\$13,259	\$259	Group Insurance	
\$8,400	\$1,200	(\$7,200)	Postage - Rate increase	
\$10,200	\$12,110	\$1,910	Printing and Binding - Town Tropics	
197,000	184,650	(\$12,350)	Auto, property & liability insurance	
50,100	31,038	(\$19,062)	Workers compensation insurance	
			DEPT 524.000 - DEVELOP. SERVICES	
32,000	23,661	(\$8,339)	Group Insurance	
			DEPT 541.000 - PUBLIC WORKS	
80,091	71,427	(\$8,664)	Group Insurance	
			DEPT 542.000 - COMMUNITY STANDARDS	
28,000	49,638	\$21,638	Group Insurance	
			DEPT 572.000 - RECREATION	
1,697	600	(\$1,097)	Auto, property & liability insurance	
			DEPT 581.100 - INTERFUND TRANSFERS	
1,250,000	1,150,000	(\$100,000)	Transfer to Capital Fund	
		(\$145,617)	Net Change	

## **FIRE FUND**

As we advised last month, we have set up a Fire Fund in the new budget to reflect all fire suppression and protection-related expenditures.

**Revenues-** In addition to moving the fire assessment fees into this fund, we are also proposing to move the fire inspection fees to it. We have suggested to the VFD that it is not logical for the Town to allow them to retain half of the fire inspection fees, when the Town is paying for the inspections. We have proposed to the VFD that our contract with them be revised to correct that issue but, until the contract amendment is approved, we are not showing the full revenues coming into the Fire Fund.

Burton & Associates is currently reviewing their earlier opinion that fire assessment fees should not be used to pay for the expenses of the VFD's beach patrol services. We have explained to Burton how the function really operates and they will try to have an opinion for us before the budget is adopted on September 27<sup>th</sup>.

<b>SUMMARY - FIRE FUND</b>				
<b>REVENUES</b>				
<b>FY 2010-11</b>	<b>8/25/2010</b>			
<b>Recomm</b>	<b>Proposed</b>	<b>Difference</b>	<b>Approved</b>	
<b>Budget</b>	<b>Adopted</b>	<b>(+) or (-)</b>	<b>Change</b>	<b>Department/Account Description</b>
0	\$20,000	\$20,000		Inspection Fees
		\$20,000		Net Change

**Expenditures** - The VFD has reduced their operating budget request to \$725,580, provided the Town will allocate the difference between that amount and the amount due them in their contract to a fire truck/apparatus/equipment reserve. That means \$187,314 would be placed in such a reserve next year. We need to work out the contract amendment language to reflect a) that the Town will hold those funds and b) the VFD's desire that they be full partners in any decisions to purchase new apparatus and equipment.

Other expenditure changes are a \$10,000 increase in professional services so the Town can hire a consultant(s) to advise on truck and other equipment purchases, a \$44,000 transfer to the General Fund to cover our expenses associated with the billing and accounting for fire inspection fees and a general overhead charge that reflects the Town Manager's time, the Finance Department's time, etc. Burton will also review that indirect cost allocation at a later date to insure it complies with the fire assessment fee statute. As a result of these changes, the transfer to the General Fire Reserve account will decrease by approximately \$40,000, compared to what we showed in the original manager's recommended budget.

SUMMARY - FIRE FUND EXPENSES				
FY 2010-11 Recomm. Budget	8/25/2010 Proposed Adopted	Difference (+) or (-)	Approved Change	Department/Account Description
\$5,299	\$2,040	(\$3,259)		Audit Expense
\$0	\$6,800	\$6,800		Capital Outlay - Building Improv
65,087	32,017	(\$33,070)		Transfer to Fire Reserve
5,500	15,000	\$9,500		Professional Services
787,179	725,580	(\$61,599)		Contractual Services
125686	187,314	\$61,628		Transfer to Vehicle/Equip Reserve
0	40,000	\$40,000		Transfer to General Fund - Overhead Costs
		\$20,000		Net Change

## SEWER FUND

**Revenues** - Sewer Fund revenues for service charges has been increased by \$50,000 based on current year collections. And, the appropriated fund balance has been increased to \$16,025 to reflect the overall shortfall in operating revenues.

TABLE - SUMMARY OF SEWER FUND REVENUES				
FY 2010-11 Recomm. Budget	8/25/2010 Proposed Adopted	Difference (+) or (-)	Approved Change	Department/Account Description
6,000	3,000	(\$3,000)		Interest Earnings
339,395	416,025	\$76,630		Appropriated Fund Balance
900,000	950,000	\$50,000		Sewer Fees
		\$123,630		Net Change

**Expenditures** - The biggest change on the expense side of the ledger has been the anticipated 20% increase in fees from the City of Pompano. The full impact is not reflected in FY 2011 because the increase is not effective until January 1, 2011.

TABLE - SUMMARY OF SEWER FUND EXPENSES				
FY 2010-11 Recomm. Budget	8/25/2010 Proposed Adopted	Difference (+) or (-)	Approved Change	Department/Account Description
9,587	9,085	(\$502)		Group Insurance
3,849	3,887	\$38		Employer FICA
4,955	5,472	\$517		Retirement
7,000	5,500	(\$1,500)		Auto, property & liability insurance
7,000	2,000	(\$5,000)		Workers compensation insurance
870,000	1,000,000	\$130,000		Sewer/Wastewater
		\$123,553		Net Change

## **CAPITAL FUND**

The Capital Fund will be reported on separately.